

DEPARTMENT OF THE AIR FORCE
Washington 20300

Office of the Secretary

Dear Mr. Speaker:

There is forwarded herewith a draft of legislation "To amend titles 10 and 14, United States Code, and the Military Personnel and Civilian Employees' Claims Act of 1964, with respect to the settlement of claims against the United States by members of the uniformed services and civilian officers and employees of the United States for damage to, or loss of, personal property incident to their service, and for other purposes".

This proposal is a part of the Department of Defense Legislative Program for the 89th Congress. The Bureau of the Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Air Force has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

Purpose of the Legislation

The purpose of this legislation is to (1) amend 10 U.S.C. 2732(a), 14 U.S.C. 490(a), and section 3(a) of the Military Personnel and Civilian Employees' Claims Act of 1964 (78 Stat. 767), respectively, by substituting a \$10,000 limitation for the present limitation of \$6,500 that may be paid by the appropriate Secretary or the head of a Federal agency, or the designee of either, in settling claims of members of the uniformed services and civilian employees of Government agencies; (2) permit reconsideration, retroactive to July 2, 1952, of any claim heretofore settled and paid in the amount of \$6,500 solely because that was the maximum amount authorized under existing law; and (3) repeal 10 U.S.C. 2732(f) and 3(e) of the Military Personnel and Civilian Employees' Claims Act of 1964, which require the Secretary of Defense, the Secretary of each

military department, and the heads of all Federal agencies to report annually to Congress on the payment of claims by persons under their respective jurisdictions for damage to or loss of their personal property. The limitation of \$6,500 was enacted in 1956 and has not been changed since that date.

The Department of Defense believes that a monetary limitation of \$6,500 is unrealistic, imposes a great hardship on certain claimants who are victims of catastrophes and disasters, and leads to an increase in the number of private relief bills sponsored in Congress. Although the usual claim can be settled for approximately \$300, less than 1 percent of the total number arises from events of catastrophic proportions (such as fire, flood, and airplane crashes), results in meritorious claims for more than \$6,500, and involves total losses of household furnishings and personal possessions of the unfortunate individuals concerned.

This proposal, like the 1956 amendment, would be retroactive to July 2, 1952, the date on which the first monetary limitation was imposed. It would not recognize claims barred by the two-year statute of limitations, but would only authorize reconsideration of certain meritorious claims heretofore settled for \$6,500 where the reimbursable loss exceeded \$6,500 but was not more than \$10,000. 10 U.S.C. 2735, relating to the finality and conclusiveness of settlements previously made under 10 U.S.C. 2732, and section 4 of the Military Personnel and Civilian Employees' Claims Act of 1964, relating to finality and conclusiveness of settlements made under that statute, would be suspended to permit such reconsideration.

Sections 1(2) and 3(2) of the proposal would repeal 10 U.S.C. 2732(f) and section 3(e) of the Military Personnel and Civilian Employees' Claims Act of 1964, respectively, which require the Secretary of Defense, the Secretaries of the military departments, and the heads of all Federal agencies to report annually to Congress on the administrative settlement of claims in their departments or agencies. These detailed reports are expensive to prepare and, on the basis of experience within the Department of Defense, are considered unnecessary. It should be noted that prior to the enactment of the 1964 Act, comparable legislation which gave the Coast Guard authority to pay claims of this type, 14 U.S.C. 490, did not contain a requirement for making

these reports. Further, the reporting requirement does not apply to certain other claims statutes, such as 10 U.S.C. 2733, 2734, and 2736, and the Act of June 29, 1960, Pub. L. 86-533 (74 Stat. 245), repealed a number of provisions requiring other reports with respect to claims.

It is realized that personnel with claims in excess of \$6,500 are not precluded from ultimate recovery of the full amount, since they may request the Congress to enact private relief legislation in their behalf. However, as pointed out above, the cases involving more than that amount usually result from a disastrous event or accident. The Department of Defense feels that, especially in these cases of extreme hardship, the full amount of the claim not in excess of \$10,000 should be paid very promptly. The substitution of the new limitation of \$10,000 would allow this to be accomplished and, in addition, would relieve the Congress of some of the burden associated with processing private relief legislation in this area.

This proposal would not constitute a departure from the statutory pattern which has been established in the claims area. On the contrary, the proposed revision would bring the monetary limitation more nearly into conformity with existing Federal laws relating to other claims for damage caused by the United States, which either authorize full payment or referral of the claim or the unpaid balance to Congress (10 U.S.C. 2733, 2734, 4802, 7622, 9802).

Cost and Budget Data

Future additional costs to the United States if this proposal is enacted cannot be determined with any reasonable certainty because of the inability to forecast the number of accidents or incidents that will result in disastrous losses to military personnel in their world-wide duty assignments. However, in view of past experience from 1952 to date, the increased cost would be nominal in proportion to the expense now incurred by the Department of Defense, Department of the Treasury, and the Congress in processing private claims legislation.

The following tabulation reflects the total number of known claims which could be settled assuming that a section 4 covering retroactive claims is enacted as proposed:

	<u>Without Limitation</u>		<u>\$10,000 Limitation</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
Army	75	\$300,000.00	75	\$200,000.00
Navy	61	110,460.73	61	87,497.62
Air Force	22	52,458.77	22	43,341.22
Marine Corps	5	17,091.11	5	9,055.24
Coast Guard				

Sincerely,

2 Attachments

Honorable John W. McCormack

Speaker of the House of Representatives